

Message Text

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ORIGIN EB-08

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E.O. 11652:N/A

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SUBJECT:PERU AND THE UNCTAD WORKING GROUP ON COPPER

REF: A) LIMA 5697 D) GENEVA 06180
B) GENEVA 01803 E) GENEVA 08234
C) GENEVA 01904 F) GENEVA 9766

1. DEPARTMENT APPRECIATES EMBASSY CONCERN REGARDING PERU'S
POSITION AT UNCTAD COPPER DISCUSSIONS. PLEASE MAKE DEMARCHE
PROPOSED REFTEL A AT EARLIEST OPPORTUNITY IN EFFORT TO
INFLUENCE PERUVIAN POSITION AT FORTHCOMING PREPARATORY
MEETING JULY 17-21. FOLLOWING ARE BACKGROUND AND TALKING
POINTS FOR EMBASSY'S USE.
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2. BACKGROUND

RECENT DEVELOPMENTS IN UNCTAD COPPER DISCUSSIONS ARE
DESCRIBED REFTELS. BRIEFLY, AT THIRD COPPER PREPARATORY
MEETING IN LATE JANUARY, GOVERNMENTS RECOGNIZED THAT
NEGOTIATION OF AN INTERNATIONAL COPPER AGREEMENT WAS UN-

REALISTIC GOAL AT THIS TIME AND, INSTEAD, AGREED TO PROCEED TO ESTABLISH A NEW COPPER PRODUCER/CONSUMER BODY WHICH WOULD, BEGIN UNDERLINE INTER ALIA END UNDERLINE, CONTINUE TO REVIEW STABILIZATION MEASURES AND MONITOR COPPER MARKET

DEVELOPMENTS. THE DECISION TO PROCEED TO ESTABLISH NEW BODY WAS CAREFULLY CONSIDERED BY CIPEC MEMBERS AND FOLLOWED EXTENSIVE CONSULTATIONS BETWEEN CIPEC PRESIDENT SADLI AND MAJOR PRODUCING/CONSUMING DELEGATIONS. THUS, IT ENJOYED WIDESPREAD CONSENSUS SUPPORT FROM MOST GOVERNMENTS PARTICIPATING IN UNCTAD COPPER DISCUSSIONS. THREE WORKING GROUP SESSIONS HAVE BEEN HELD TO PREPARE A DRAFT CHARTER FOR THE NEW ORGANIZATION. THE FORTHCOMING PREPARATORY MEETING WILL CONTINUE WORK ON THE CHARTER, AND WE HOPE APPROVE IT, AS WELL AS TAKE A DECISION REGARDING THE ESTABLISHMENT OF THE NEW BODY.

3. PERU, WITH SOME SUPPORT FROM VENEZUELA AND ARGENTINA, OPPOSED ESTABLISHMENT OF NEW BODY ON ANY BASIS EXCEPT AS AN UNCTAD APPENDAGE. THIS BASIC POLITICAL PROBLEM HAS CONTINUED TO LIE BEHIND ALL SUBSTANTIVE DISCUSSION OF ISSUES. DURING THE FIRST TWO WORKING GROUP MEETINGS, PERU CONTINUED TO RESIST PROGRESS BUT CONTENTED ITSELF WITH PRO FORMA STATEMENTS OF ITS POSITION. AT THIRD WORKING GROUP MEETING, HOWEVER, PERU TOOK MORE ACTIVIST ROLE, SPRINKLING CHARTER WITH CONTROVERSIAL BRACKETED PROVISIONS LIMITED OFFICIAL USE

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IN POSSIBLE EFFORT TO SET STAGE FOR POLITICAL SHOWDOWN ON ISSUE AT FOURTH PREPARATORY MEETING SCHEDULED FOR JULY 17-21. PERU'S UNFAVORABLE ATTITUDE TOWARD NEW ORGANIZATION, AND ITS EFFORT TO SEE BODY ESTABLISHED WITHIN UNCTAD, APPEARS TO BE BASED ON ITS BELIEF THAT 1) PROGRESS TOWARD A STABILIZATION AGREEMENT WILL BE SLOWED OR STOPPED ALTOGETHER; 2) THE NEW BODY WILL UNDERTAKE STUDIES AND ACTIONS WHICH WILL GIVE CONSUMERS AND SOME PRODUCERS THE OPPORTUNITY TO PROCRASTINATE ON THE CONVENING OF A NEGOTIATING CONFERENCE, 3) G-77 POLITICAL MUSCLE WILL BE REDUCED WITHIN THE NEW BODY, AND 4) THE IPC AND UNCTAD'S PIVOTAL ROLE IN IT WILL BE WEAKENED IF A MAJOR COMMODITY SUCH AS COPPER IS QUOTE SPUN OFFUNQUOTE TO A NEW ORGANIZATION.

4. SUGGESTED TALKING POINTS

-- AT THE FOURTH COPPER PREPARATORY MEETING, WE HOPE GOVERNMENTS WILL COME WITH A FLEXIBLE BRIEF AND BE PREPARED TO APPROVE THE CHARTER FOR THE NEW BODY, AS WELL AS TO TAKE A DECISION REGARDING ITS PROMPT ESTABLISHMENT. COPPER DISCUSSIONS HAVE BEEN PROCEEDING IN UNCTAD FOR MORE

THAN A YEAR AND A HALF, AND WE BELIEVE DECISION TO
ESTABLISH NEW BODY WOULD BE AN IMPORTANT FORWARD STEP IN
THE WORK.

-- IN OUR VIEW, THE NEW BODY SHOULD BE ESTABLISHED
PROMPTLY AND THE FIRST ORGANIZATIONAL SESSION HELD AS

QUICKLY AS POSSIBLE - PREFERABLY BEFORE THE END OF THE
YEAR. THIS WOULD PERMIT THE NEW BODY TO PROCEED QUICKLY
TO AN EXAMINATION OF ITS THREE PRINCIPAL TASKS.

-- THE US BELIEVES THAT THE INSTITUTIONAL STRUCTURE OF
THE NEW BODY SHOULD BE INDEPENDENT FROM UNCTAD. THAT IS,
THE NEW BODY SHOULD HAVE ITS OWN INDEPENDENT STAFF AND
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BUDGET. WE BELIEVE THIS STRUCTURE WOULD BE THE BEST WAY
TO ASSURE THAT PROBLEMS OF THE COPPER INDUSTRY RECEIVE
DETAILED AND THOROUGH REVIEW.

-- WHILE INSTITUTIONALLY INDEPENDENT, WE BELIEVE THAT
THE BODY SHOULD BE SUITABLY LINKED TO UNCTAD. SUCH LINKS
ARE PROVIDED FOR IN THE CHARTER. FOR EXAMPLE, REPORTS ON
THE ORGANIZATIONS' WORK WOULD BE PROVIDED TO UNCTAD, UNCTAD
WOULD HAVE OBSERVER STATUS, AND PROVISION COULD BE
INCLUDED IN THE CHARTER FOR THE BODY TO REQUEST APPROPRIATE
UNCTAD SECRETARIAT ASSISTANCE.

-- THE UNITED STATES CONTINUES TO GIVE HIGH PRIORITY
TO REVIEW OF POSSIBLE STABILIZATION MEASURES PROVIDED FOR
IN TASK I OF THE AGREED CONCLUSIONS OF THE THIRD
PREPARATORY MEETING. WE BELIEVE THAT THE NEW BODY
PROVIDES A SUITABLE FORUM FOR CONTINUING THE WORK ON
STABILIZATION MEASURES.

-- WE URGE PERU AT THE FORTHCOMING PREPARATORY MEETING
TO JOIN WITH THE PRODUCERS AND CONSUMERS TO ESTABLISH THIS
NEW BODY PROMPTLY. CHRISTOPHER

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